

Message Text

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PAGE 01 STATE 269498

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SUBJECT: FALL ECONOMIC MPP

REF: TOKYO 16004

WOODBURY TALKING POINTS AS FOLLOWS:

"STATUS AND FUTURE OF THE DEVELOPING STRUCTURE OF INTERNATIONAL COOPERATION"

1. THE STRUCTURE OF INTERNATIONAL ECONOMIC COOPERATION AMONG INDUSTRIAL DEMOCRACIES IS BASICALLY A POST-WORLD WAR II PHENOMENON IN TWO PARALLEL SYSTEMS.

A. THE BRETTON WOODS FAMILY OF INTERNATIONAL INSTITUTIONS -- THE IBRD AS A DEVELOPMENT BANK EMPHASIZING FIRST RECONSTRUCTION AND DEVELOPMENT LATER AND THE IMF AS A WORLD CENTRAL BANK TO RESTORE THE MONETARY CONVERTIBILITY NECESSARY FOR A LIBERAL TRADING SYSTEM. THE GATT IS AN ADJUNCT ON THE TRADE SIDE.

B. THE MARSHALL PLAN STIMULATED COOPERATION FOR ECONOMIC UNCLASSIFIED

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PAGE 02 STATE 269498

RECONSTRUCTION IN WESTERN EUROPE THROUGH THE OEEC. WITH

RECONSTRUCTION THIS BECAME THE OECD AND A MAJOR INSTRUMENT

OF ECONOMIC COOPERATION AND INCLUDED THE UNITED STATES AND CANADA. IT LATER EXPANDED TO INCLUDE THE PACIFIC INDUSTRIAL DEMOCRACIES.

2. BOTH SYSTEMS ARE LIMITED TO OR DOMINATED BY THE INDUSTRIAL DEMOCRACIES AND CAN BE SAID TO BE HIGHLY SUCCESSFUL IN TERMS OF THE ENORMOUS INCREASES IN ECONOMIC GROWTH, WORLD TRADE, AND STANDARDS OF WELFARE WHICH HAVE RESULTED FROM THE CREATION OF A LIBERAL WORLD ECONOMIC SYSTEM BASED ON MARKET FORCES IN THE COUNTRIES WHICH ACCOUNT FOR THE GREATEST SHARE OF WORLD PRODUCTION, TRADE AND INVESTMENT.

3. WITH THE PROCESS OF DECOLONIZATION, MORE THAN A HUNDRED SOVEREIGN NATIONS WERE CREATED, ALMOST ALL POOR. THEY TEND TO BELIEVE THAT OUR LIBERAL WORLD ECONOMIC SYSTEM HAS LITTLE RELEVANCE FOR THEM AND THAT THEY HAD LITTLE VOICE IN ECONOMIC DECISIONS WHICH AFFECT THEM DEEPLY. THEY ALSO BELIEVE THAT THE RULES OF THE SYSTEM HAVE A BUILT-IN BIAS WHICH KEEPS THEM POOR PRODUCERS OF LOW PRICED RAW MATERIALS AND IMPORTERS OF EXPENSIVE MANUFACTURES.

4. THE LDCS CHOSE THE UN, WHERE THEY HAVE AN AUTOMATIC MAJORITY, AS THEIR FORUM AND IN 1964 CREATED THE UNCTAD AS THEIR PRESSURE INSTRUMENT. THEIR INFLUENCE ON INTERNATIONAL ECONOMIC DECISIONS REMAINED MINIMAL, HOWEVER, UNTIL THE YOM KIPPUR WAR, THE OIL BOYCOTT, OPEC, AND THE SIXTH SPECIAL SESSION OF THE UNGA WHERE THEY PUSHED THROUGH THEIR DEMANDS DETAILED IN A PROGRAM OF ACTION FOR A NEW INTERNATIONAL ECONOMIC ORDER. TO AVOID CONFRONTATION AND IMPLICIT THREATS OF DIALOGUE WAR, THE INDUSTRIAL DEMOCRACIES RENEWED THE DIALOGUE IN THE UNGA SEVENTH SESSION AND CONTINUED IT THROUGH CIEC AND UNCTAD IV.

5. THE QUESTION FOR THE FUTURE IS HOW BEST THE WESTERN DEMOCRACIES CAN MEET THIS CHALLENGE. SHOULD THE GROUP B COUNTRIES COORDINATE AND HARMONIZE THEIR STRATEGY OR DOES UNCLASSIFIED

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PAGE 03 STATE 269498

IT RISK ANOTHER CONFRONTATION? WHAT ARE THE MOST EFFECTIVE MECHANISMS TO COORDINATE POLICIES AND PROGRAMS AND CARRY OUT NORTH/SOUTH NEGOTIATIONS? KISSINGER

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